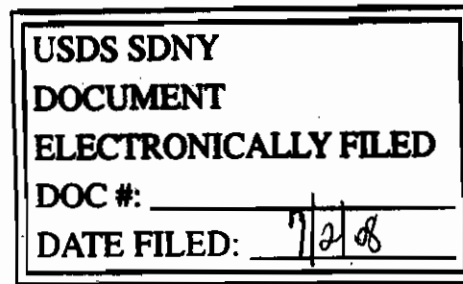


UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK



\_\_\_\_\_  
ALPHA CAPITAL ANSTALT,

Plaintiff,

-against-

07 Civ. 11430 (CM)

SILVER DRAGON RESOURCES, INC.,

Defendant.  
\_\_\_\_\_

MEMORANDUM ORDER CONSOLIDATING MOTION FOR PRELIMINARY  
INJUNCTIVE RELIEF WITH TRIAL ON THE MERITS; DIRECTING THAT  
ALL DISCOVERY BE CONDUCTED BY JULY 18, 2008, AND SETTING  
A BENCH TRIAL FOR PRELIMINARY AND PERMANENT INJUNCTIVE  
RELIEF FOR JULY 28, 2008

McMahon, J.:

Plaintiff Alpha Capital Anstalt – a venture capital firm with a history of funding highly dubious investments (nearly all of which seem to end up in litigation before this court) – move for a preliminary injunction compelling defendant Silver Dragon Resources, Inc. to deliver immediately 2,446,734 shares of its common stock to Alpha Capital and to declare that the exercise price of Silver Dragon's Class A and Class B warrants owned by Alpha Capital has been reduced to \$0.15 per share.

The mandatory injunctive relief sought preliminary is co-terminous with the relief that Alpha Capital would win after a trial on the merits. Therefore, the court consolidates the motion for a preliminary injunction with a trial on the merits.

The trial can be held during the week of July 28. It appears from Alpha's moving papers that the issue will be whether certain recent sales of stock by Silver Dragon are exempt from most-favored nation status under the most favored nation clause in the Alpha-Silver Dragon contract. That issue depends on to whom and under what circumstances the shares were sold. It should take about 2 hours to try the case using this court's rules for bench trials, which require that direct testimony be submitted in the form of affidavits and that the parties submit proposed findings of fact and conclusions of law that the court can read from the bench at the close of the evidence.

All normal discovery deadlines are eliminated and discovery is hereby expedited. It must

be concluded by July 18. Alpha can take no more than three depositions, which can last no longer than 5 hours each. It may propound no more than 10 interrogatories – no subparts – which must be served by Monday July 7, with responses due by Thursday July 10. Alpha may request only those documents consisting of the correspondence (including email correspondence) between Silver Dragon and the purchasers of the stock issued in the last few months, any agreements between or among those parties, and any internal correspondence at Silver Dragon concerning these sales/issuances. Those documents must be produced by close of business on Wednesday July 9. Silver Dragon ought to have no need of any discovery in order to try this case; if it can convince the court that Alpha Capital possesses any relevant and discoverable information, I will allow limited cross discovery. Silver Dragon must submit a letter to the court no later than Noon on Monday July 7 describing any discovery it deems relevant.

Discovery, including all deposition discovery, must be concluded by July 18, 2008. The parties will submit to chambers courtesy copies of their proposed findings of fact and conclusions of law (with citations to relevant cases), the affidavits of their witnesses and one copy of all exhibits they wish to introduce no later than 5 PM on Wednesday, July 23. Any objections to exhibits should be filed in writing with the court no later than 5 PM on Thursday, July 24. Understand that the court generally allows everything in during a bench trial, sifting it for relevance later.

The court plans to issue a final decision and verdict from the bench at the conclusion of the trial.

Dated: July 2, 2008



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U.S.D.J.

BY ECF AND FAX TO ALL COUNSEL